

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 EPG-02 SP-02 STR-04 TRSE-00

LAB-04 SIL-01 OMB-01 SS-15 NSC-05 OIC-02 L-03

IO-13 PA-01 PRS-01 USIA-06 /096 W

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FM AMEMBASSY BONN

TO SECSTATE WASHDC 7982

INFO USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

AMEMBASSY ROME

C O N F I D E N T I A L BONN 07737

E.O. 11652: GDS

TAGS: CIEC, EEC, EAID, ETRD

SUBJ: EC FOREIGN MINISTERS COUNCIL MAY 3: CIEC

PREPARATIONS

REF: EC BRUSSELS 4404

1. SUMMARY: EC COUNCIL REPORTEDLY REACHED AGREEMENT
ON \$1 BILLION "SPECIAL ACTION" FOR DEVELOPING
COUNTRIES AND CAME CLOSER TO DEFINING EC POSITION ON
EXPORT EARNINGS STABILIZATION AND UNCTAD COMMON FUND.
END SUMMARY.

2. GERMAN PRESS REPORTED MAY 4 THAT EC COUNCIL HAD
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REACHED AGREEMENT ON POSITION FOR CIEC MINISTERIAL AS
FOLLOWS:

A) \$1 BILLION "SPECIAL ACTION" FOR POOREST LDC'S,
OF WHICH EC WOULD RAISE 37.5 PERCENT, US 37.5 PERCENT
AND REMAINING 25 PERCENT WOULD BE RAISED BY JAPAN,
CANADA, AUSTRALIA, SWITZERLAND, SWEDEN, AND NORWAY;

B) A COMMON FUND SHOULD BE ESTABLISHED AND A WORLD-WIDE EXPORT EARNINGS STABILIZATION SYSTEM SHOULD BE STUDIED.

3. ON MAY 4, DR. NOWAK, FRG FOREIGN OFFICE OFFICIAL RESPONSIBLE FOR CIEC COORDINATION, WHO ATTENDED EC COUNCIL, CONFIRMED TO EMBASSY OFFICER THE FOREGOING PRESS REPORT. HE SAID THE \$375 MILLION TO BE CONTRIBUTED BY THE EC WOULD BE RAISED AS FOLLOWS: FRG 31 PERCENT, UNITED KINGDOM 29 PERCENT, FRANCE 15 PERCENT, ITALY 9 PERCENT, NETHERLANDS 8 PERCENT, AND THE SMALLER MEMBERS 8 PERCENT. HE ALSO REPORTED THAT THE COUNCIL INSISTED, DESPITE AWARENESS OF US OBJECTIONS, THAT ALL PARTICIPATION IN THE "SPECIAL ACTION" MUST BE ON A MULTILATERAL BASIS. NOWAK ALSO EXPLAINED THAT "SPECIAL ACTION" PROPOSAL WAS NOT YET A FORMAL OFFER TO THE DEVELOPING COUNTRIES BUT WAS RATHER A PROPOSAL CONDITIONED UPON ACCEPTANCE BY THE US AND THE OTHER PUTATIVE DONORS.

4. RE EXPORT EARNINGS STABILIZATION, NOWAK SAID THAT THE EC COUNCIL DECIDED THAT THE STUDY SHOULD BE MADE BY THE DEVELOPMENT COMMITTEE OF THE WORLD BANK AND THAT THE COMPLETED REPORT WOULD BE PRESENTED TO AN UNCTAD MEETING IN THE AUTUMN OF 1977.

5. IN DISCUSSING PARIS PREPARATIONS FOR CIEC, NOWAK EXPRESSED CONSIDERABLE DISMAY AT INDICATIONS THAT THE CONFIDENTIAL

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US WAS NOW PREPARED TO CARRY ON POST-CIEC ENERGY POLICY DISCUSSIONS IN UNCTAD. HE FELT THAT THIS US PROPOSAL WAS QUITE CONTRARY TO EVERYTHING US HAD SAID HERETOFORE AND WAS CONTRARY TO INTERESTS OF ALL INDUSTRIAL COUNTRIES, INCLUDING US.

6. COMMENT: WE HAVE BEEN INFORMED BY SEVERAL FRG OFFICIALS THAT CHANCELLOR SCHMIDT WISHES TO PURSUE HIS PROPOSAL FOR A WORLD-WIDE STABEX IN ORDER TO GIVE FRG CREDIT FOR TAKING THE INITIATIVE. AT THE PROPER TIME, THESE FRG OFFICIALS HOPE THAT CHANCELLOR SCHMIDT WILL ABANDON THE WORLD-WIDE STABEX IDEA IN FAVOR OF A LIBERALIZATION OF THE IMF COMPENSATORY FINANCING SYSTEM, AS A MEANS OF REACHING THE SAME GOALS. END COMMENT.
STOESSEL

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